



PILBARA MINERALS LIMITED
ACN 112 425 788

NOTICE OF ANNUAL GENERAL MEETING

**The Annual General Meeting of the Company will be held at
the Four Points by Sheraton, 707 Wellington Street,
Perth WA 6000 on
Thursday, 21 November 2019 at 2.00pm (WST)**

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 6266 6266.

Shareholders are urged to attend or vote by lodging the proxy form attached to this Notice.

PILBARA MINERALS LIMITED

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NOTICE OF GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Pilbara Minerals Limited (**Company**) will be held at the Four Points by Sheraton, 707 Wellington Street, Perth WA 6000 on Thursday, 21 November 2019 at 2.00pm (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Tuesday, 19 November 2019 at 4.00pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

Annual Report

To consider the annual report of the Company and its controlled entities for the year ended 30 June 2019, which includes the Financial Report, the Directors' Report and the Auditor's Report.

1. Resolution 1 – Remuneration Report

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum."

The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion

A vote on this Resolution must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairperson to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

2. Resolution 2 – Re-election of Mr Anthony Kiernan as Director

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with article 13.2 of the Constitution and for all other purposes, Mr Anthony Kiernan, retires by rotation and, being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."

3. Resolution 3 – Re-election of Mr Nicholas Cernotta as Director

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with article 13.2 of the Constitution and for all other purposes, Mr Nicholas Cernotta, retires by rotation and, being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."

4. Resolution 4 – Issue of Employee Options and Performance Rights to Mr Ken Brinsden under Employee Award Plan

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 10.14, section 200B of the Corporations Act and for all other purposes, Shareholders approve the issue of up to a maximum of 4,210,526 Employee Options and 578,452 Performance Rights to Mr Ken Brinsden (and/or his nominee/s) under the Employee Award Plan and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) or any associates of those persons.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and:

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

5. Resolution 5 – Re-Approval of Employee Award Plan

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.2, exception 9 and for all other purposes, Shareholders re-approve the Employee Award Plan and the grant of Plan Options and Performance Rights and the issue of the underlying Shares of such Plan Options and Performance Rights on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) or any associates of those persons.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and:

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

BY ORDER OF THE BOARD

A handwritten signature in blue ink that reads "Alex Eastwood". The signature is written in a cursive style with a large initial 'A'.

Mr Alex Eastwood
Company Secretary and General Counsel
Dated: 18 October 2019

PILBARA MINERALS LIMITED

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EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Annual Report
Section 4:	Resolution 1 – Remuneration Report
Section 5:	Resolutions 2 and 3 – Re-election of Messrs Anthony Kiernan and Nicholas Cernotta as Directors
Section 6:	Resolution 4 – Issue of Employee Options and Performance Rights to Mr Ken Brinsden under Employee Award Plan
Section 7:	Resolution 5 – Re-Approval of Employee Award Plan
Schedule 1	Definitions
Schedule 2	Terms and Conditions of Employee Options
Schedule 3	Key Terms of the Employee Award Plan

A Proxy Form is located at the end of this Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 2.00pm (WST) on Tuesday, 19 November 2019, being at least 48 hours before the Meeting.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Voting Prohibition by Proxy holders (Remuneration Report)

A vote on Resolution 1 must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairperson to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

2.3 Voting Prohibition by Proxy holders (Remuneration of Key Management Personnel)

A vote on Resolutions 4 and 5 must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on these Resolutions, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on these Resolutions; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on these Resolutions, but expressly authorises the Chairperson to exercise the proxy even if these Resolutions are connected with the remuneration of a member of the Key Management Personnel.

3. Annual Report

In accordance with section 317(1) of the Corporations Act, the Annual Report must be laid before the Meeting. There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at www.pilbaraminerals.com.au;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairperson about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies of the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than five business days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 – Remuneration Report

The 2019 Annual Report contains the Remuneration Report which sets out the Company's remuneration framework and philosophy.

The remuneration framework is designed to attract, motivate and retain key executives and employees who contribute a high level of performance to the Company which is aligned with the overall business and growth strategy of the Company and the creation of Shareholder returns. In developing the remuneration framework for 2019, the Company and its Remuneration and Nomination Committee have specifically sought to adopt a structure that is market competitive and aligns with accepted market practice and recommended corporate governance principles. This is particularly important as the Company continues to develop and grow as a world leading and fully integrated lithium and tantalum producer and the available pool of high calibre and experienced personnel becomes more constrained.

In accordance with section 250R(2) of the Corporations Act, the Company puts forward the Remuneration Report to the vote of its Shareholders. The Directors' Report contains the Remuneration Report, which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors or the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Shareholders will have the opportunity to require the Board (except the Managing Director) to stand for re-election if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Remuneration Report did not receive a Strike at the 2018 annual general meeting. Please note if the Remuneration Report receives a Strike at the Meeting and if a second Strike is received at the 2020 annual general meeting, this may result in the re-election of the Board.

The Chairperson will allow reasonable opportunity for Shareholders to ask questions about or comment on the Remuneration Report.

Resolution 1 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 1.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

5. Resolutions 2 and 3 – Re-election of Messrs Anthony Kiernan and Nicholas Cernotta as Directors

Article 13.2 of the Constitution requires one third of all Directors, or if their number is not a multiple of three, then the number nearest one-third (rounded up to the nearest whole number) to retire at each annual general meeting.

A Director who retires under article 13.2 of the Constitution is eligible for re-election.

Resolutions 2 and 3 therefore provide that each of Mr Anthony Kiernan and Mr Nicholas Cernotta retire by rotation and seek re-election as a Director.

Mr Kiernan and Mr Cernotta are both highly experienced directors with mining expertise who bring a wealth of experience and independent judgement to the Board. Details of the qualifications and experience of each of Mr Anthony Kiernan and Mr Nicholas Cernotta are included in the Annual Report.

Resolutions 2 and 3 are ordinary resolutions.

The Chairperson intends to exercise all available proxies in favour of Resolutions 2 and 3.

The Board (excluding Mr Anthony Kiernan) supports the re-election of Mr Anthony Kiernan and recommends that Shareholders vote in favour of Resolution 2.

The Board (excluding Mr Nicholas Cernotta) supports the re-election of Mr Nicholas Cernotta and recommends that Shareholders vote in favour of Resolution 3.

6. Resolution 4 – Issue of Employee Options and Performance Rights to Mr Ken Brinsden under Employee Award Plan

6.1 General

The Company has an Employee Award Plan (**Employee Award Plan**) as part of its ongoing efforts to develop an executive remuneration framework (**Executive Remuneration Framework**) appropriate for the Company's current activities and intended to be aligned with best practice in the marketplace as well as accepted corporate governance principles.

On 1 October 2019, the Board formally approved the Executive Remuneration Framework for the 2020 financial year (**FY2020**). Under the Executive Remuneration Framework, the Board has determined that an executive remuneration package should include an appropriate balance of fixed remuneration and conditional performance based remuneration. Performance based remuneration will include short term incentives (**STI**) in the form of a cash bonus and long term incentives (**LTI**) in the form of equity instruments issued under the Employee Award Plan. In accordance with the Company's remuneration policy and accepted market practice, the level of fixed remuneration will drive the maximum percentage quantum of the STI and LTI components of an executive's remuneration.

In approving the Executive Remuneration Framework for FY2020 for Mr Ken Brinsden, the Board sought to develop performance and vesting conditions which ensure that his remuneration arrangements are directly aligned with the Company's overall business and growth strategy and the creation of Shareholder returns. The Board considers such performance based remuneration to be market competitive and appropriate where it is aligned with the achievement of short term and long term strategic objectives to create and drive Shareholder value.

The Board endeavours to ensure that the executive remuneration framework satisfies the following key criteria in line with accepted corporate governance principles:

- (a) attract, retain and motivate key executives at important stages of the Company's development with remuneration which is linked directly to strategy, performance and total Shareholder return;
- (b) reward executives against determined performance conditions and stretch targets to achieve successful and sustainable project development and operations;
- (c) ensure effective benchmarking for total annual remuneration is in accordance with market practices and a clearly defined peer group of similar companies to ensure remuneration is fair and competitive;
- (d) align executive interests with those of Shareholders; and
- (e) comply with applicable legal requirements and accepted standards of governance.

Resolution 4 seeks Shareholder approval in accordance with Listing Rule 10.14 for the grant of up to a maximum of 4,210,526 Employee Options and 578,452 Performance Rights to Mr Ken Brinsden (and/or his nominee/s), as an Executive Director, as part of his LTI component under the Employee Award Plan for FY2020.

The LTI instruments are conditional on satisfaction of performance and vesting conditions and form a key component of Mr Brinsden's total annual remuneration for FY2020. A significant portion of his total remuneration is placed at-risk and subject to performance to

better align his interests with those of Shareholders, to encourage the production of long-term sustainable growth, and to assist with his retention.

Refer to Schedule 2 for further details of the terms and conditions of the Employee Options.

Resolution 4 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 4.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 4, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

As noted in section 6.8, the Directors (excluding Mr Brinsden) have recommended that Shareholders vote in favour of Resolution 4.

References in this Explanatory Memorandum to Mr Brinsden include his nominee/s, unless otherwise required by context.

6.2 LTI entitlements under the grant

(a) LTI instruments to be issued

Under the Employee Award Plan, Employee Options and Performance Rights may be granted to Mr Ken Brinsden as part of his reasonable remuneration. Further information on Mr Brinsden's remuneration package is contained within the Remuneration Report, which is a section of the Annual Report.

Mr Brinsden is an eligible participant under the Employee Award Plan and, subject to the receipt of Shareholder approval, the Company intends to issue up to 4,210,526 Employee Options and 578,452 Performance Rights to Mr Brinsden.

The maximum dollar value of the LTI to be awarded to Mr Brinsden is equivalent to 100% of his fixed remuneration of \$600,000. For the purposes of calculating the number of LTI instruments to be awarded, the value of the Employee Options and Performance Rights has been set as detailed in Sections 6.2(b) and 6.2(c). The total LTI quantum of \$600,000 comprises 60% Employee Options subject to vesting and 40% Performance Rights subject to vesting. Accordingly, the Company has determined, subject to Shareholders approving Resolution 4, to grant Mr Brinsden a maximum of:

- (i) 4,210,526 Employee Options, with a quantum of \$360,000 (**LTI Employee Options Quantum**); and
- (ii) 578,452 Performance Rights with a quantum of \$240,000 (**LTI Performance Rights Quantum**).

The Employee Options and Performance Rights will be subject to performance measures and vesting conditions that must be achieved over a 3 year vesting period ending 30 June 2022 (refer to section 6.3) and have been benchmarked with reference to a defined peer group of ASX listed companies and current market practice (as at 30 June 2019).

No amount will be payable by Mr Brinsden in respect of the grant or upon vesting of the Employee Options and Performance Rights.

Subject to Mr Brinsden satisfying the vesting and other conditions attached to the Employee Options and the Performance Rights, and in the case of the Employee Options the valid exercise of the Employee Options, each Employee Option and Performance Right entitles the holder to be issued, transferred or allocated one Share.

Accordingly:

- (i) in respect of the Employee Options, Shares will only be issued to Mr Brinsden (and value received) upon satisfaction of the prescribed vesting conditions in the 3 year vesting period and valid exercise of such vested Employee Options before the expiry date which is 31 December 2022; and
- (ii) in respect of the Performance Rights, Shares will only be issued to Mr Brinsden (and value received) upon satisfaction of the prescribed vesting conditions in the 3 year vesting period, in which case there will be an automatic deemed exercise of such vested Performance Rights.

The number of Shares that can be issued to Mr Brinsden as a result of LTIs issued under Resolution 4 are a maximum only. As noted in 6.3(b) below, the actual number of Shares ultimately issued to Mr Brinsden will depend on the Board's determination as to the satisfaction of such prescribed vesting conditions and may be less than the amount approved by Resolution 4.

(b) **Employee Options**

As noted in Section 6.3(a), the Board has approved:

- (i) relative Total Shareholder Return (**TSR**); and
- (ii) long term strategic objectives of the Company (**Strategic Objectives**),

as the relevant performance measures for developing appropriate vesting conditions.

The vesting of the Employee Options to be granted to Mr Brinsden are weighted 50% toward TSR and 50% toward Strategic Objectives.

The Employee Options whose vesting is subject to TSR (**Tranche A Employee Options**) have "market based" vesting conditions attached to them. Consequently, the Company's independent adviser has valued the Tranche A Employee Options using a pricing model which calculates the returns from the Company and the individual TSRs of those companies in the Company's peer group. A Monte-Carlo simulation, which is a highly flexible and generally accepted valuation technique using many simulations, was used to determine the total fair value of the Tranche A Employee Options.

By contrast, the Employee Options whose vesting is subject to Strategic Objectives (**Tranche B Employee Options**) have non-market vesting conditions attached to them. Consequently, they may be exercised at any time following vesting up to their Expiry Date. The Company's independent advisers believe the Tranche B Employee Options are more suitably valued using a Black Scholes option pricing model.

The number of Employee Options proposed to be granted to Mr Brinsden has been calculated by reference to the LTI Employee Options Quantum (refer to 6.2(a)), which is \$360,000 and based on the independently assessed fair value of the Employee Options as follows:

	Employee Options	
Item/Assumption	Tranche A Employee Options	Tranche B Employee Options
Exercise Price ¹	\$0.4149	\$0.4149
Valuation Date	1 October 2019	1 October 2019
Performance Measurement Period	1 July 2019 to 30 June 2022	1 July 2019 to 30 June 2022
Vesting Date	30 June 2022	30 June 2022
Expiry Date	31 December 2022	31 December 2022
Volatility ²	55%	55%
Risk Free Rate ³	0.66%	0.66%
Dividend Yield ⁴	Nil	Nil
Assessed Fair Value per Employee Option	\$0.078	\$0.093
Number of Employee Options to be granted⁵	2,105,263	2,105,263
Valuation per tranche of Employee Options⁶	\$164,211	\$195,789
LTI Options Quantum	\$360,000	

Notes:

- The exercise price was set at the VWAP for the quarter commencing 1 July 2019 and ending 30 September 2019.
- At the Valuation Date, the recent volatility of the Share price of the Company and each constituent of its peer group was calculated using data extracted from Bloomberg.
- The Australian Government 3-year bond rate as at the Valuation Date was used.
- A nil dividend yield was assumed on the basis that the Company is unlikely to pay a dividend during the life of the Employee Options.
- The total number of Employee Options to be granted for each tranche will be based on the independently assessed fair value per Employee Option such that the total value of the Employee Options granted equals the LTI Options Quantum (being \$360,000) and split 50% to Tranche A Employee Options and 50% to Tranche B Employee Options. This is calculated by dividing the LTI Options Quantum by the aggregate of the Assessed Fair Value per Employee Option as follows:

$$\frac{\$360,000 \text{ (60\% of } \$600,000)}{\$0.171 \text{ (}\$0.078 + \$0.093)} = 2,105,263 \text{ Employee Options granted per tranche (rounded down)}$$

Therefore, Mr Brinsden will be issued 4,210,526 Employee Options.

- Rounded to nearest dollar.

Under the accounting standard AASB 2 share based payments, the Company will recognise a non-cash expense in the income statement based on the fair value of the Employee Options over the period from the date of issue to the vesting date. The total of the fair value of the Employee Options will be allocated over the applicable vesting periods.

(c) **Performance Rights**

The number of Performance Rights proposed to be granted to Mr Brinsden has been calculated by reference to the LTI Performance Rights Quantum (refer to 6.2(a)), which is \$240,000 and divided by the face value (FV) of the Performance Rights (detailed below) as follows:

LTI Performance Rights quantum (\$) = Number of Performance Rights granted
 FV of one Performance Right

In other words:

\$240,000 (being 40% of \$600,000) = 578,452 Performance Rights
\$0.4149 (rounded down to nearest whole number)

The FV of the Performance Rights has been set at the VWAP for the quarter commencing 1 July 2019 and ending 30 September 2019, which quantified the FV as approximately \$0.4149. In determining the FV, the Board set a value that reflects the fair value of the Shares as at 1 October 2019, being the date when the Board approved the Executive Remuneration Framework for the 2020 financial year.

Further information relating to the Performance Rights is set out below.

Item/Assumption	Performance Rights	
	Tranche A Performance Rights	Tranche B Performance Rights
Exercise Price	Nil	Nil
Valuation Date	1 October 2019	1 October 2019
Performance Measurement Period	1 July 2019 to 30 June 2022	1 July 2019 to 30 June 2022
Vesting Date	30 June 2022	30 June 2022
Face Value per Performance Right	\$0.4149	\$0.4149
Number of Performance Rights to be granted	289,226	289,226
Valuation per tranche of Performance Rights¹	\$120,000	\$120,000
LTI Performance Rights Quantum	\$240,000	

Notes:

1. Rounded to nearest dollar.

6.3 Key terms of Employee Options and Performance Rights

(a) Introduction

The Company introduced LTIs under the Employee Award Plan to ensure executive remuneration includes an appropriate balance of fixed remuneration and conditional performance based remuneration.

Having regard to the objectives of the Company's broader remuneration strategy, general market conditions, and the range of performance conditions utilised by other leading resource companies listed on ASX, the Board has introduced the LTI under the Employee Award Plan to enhance the alignment between the Company's executives and Shareholders, reward performance that drives long term strategic growth and deliver value to Shareholders while promoting executive retention.

As noted in Section 6.2(b), under the LTI, when developing appropriate performance based vesting conditions for the Employee Options and Performance Rights, the Board has approved the following performance measures:

- (i) relative TSR; and
- (ii) Strategic Objectives.

The TSR and Strategic Objectives including their relative weightings are discussed further below.

(b) **Performance Measurement and Vesting Period**

Performance for the Employee Options and Performance Rights will be measured over a vesting period of 3 years, which the Directors consider is consistent with market practice and appropriate given the stage of the Company.

The vesting conditions attached to the Employee Options and Performance Rights to be approved under Resolution 4 must be satisfied by the end of 30 June 2022. At the end of the vesting period, the Board will assess the vesting conditions (detailed below) to determine the actual number of Employee Options and Performance Rights that vest. The maximum number that could be vested is 4,210,526 Employee Options and 578,452 Performance Rights, which would require the achievement of all of the vesting conditions to the satisfaction of the Board. To the extent that the relevant vesting conditions are not satisfied, the unvested Employee Options and Performance Rights will expire and automatically lapse.

Notwithstanding that a particular performance measure has been achieved, no Employee Options or Performance Rights will vest unless Mr Brinsden remains employed with the Company for the full 3 year period. If Mr Brinsden ceases employment before the 3 year service condition is passed, then he will forfeit his unvested Employee Options and Performance Rights, unless otherwise determined by the Board.

(c) **Performance and Vesting Conditions**

Under the Employee Award Plan, the Board must determine the performance conditions that will apply to the vesting of the Employee Options and Performance Rights prior to the date of grant of those Employee Options and Performance Rights, which may not be modified during the vesting period.

The Board has determined that the vesting conditions applicable to the Employee Options and Performance Rights to be granted to Mr Brinsden under Resolution 4 shall include the following performance measures, which shall be weighted as detailed below.

Performance Measure	Description	Weighting of Measures
TSR	<ul style="list-style-type: none"> • TSR is calculated by taking into account the growth in the Company's share price over the vesting period (i.e. 3 years) as well as the dividends distributed during that period. • The Company's TSR will be ranked against a defined peer group of S&P/ASX 200 companies based on comparable industry and market capitalisation. To measure performance and to determine the vesting outcome: <ul style="list-style-type: none"> • TSR of each of the companies in the peer group is calculated; • a percentile analysis is done to determine the percentile performance of the peer group in terms of the 50th to 85th percentile performance; and • the Company's TSR is calculated to determine what percentile in the peer group it relates to. • This percentile performance of the Company relative to the peer group determines how many Employee Options and Performance Rights will vest according to a pro rata linear scale. 	50%
Strategic Objectives	<p>The Board has identified the following strategic measure for the Company aimed at directing performance towards the Company's long-term growth objectives:</p> <ul style="list-style-type: none"> • production and sales achieved at a rate of 840,000 tonnes per annum of spodumene concentrates or such other rate as approved by the Board by the end of FY22 	50%

The relative weighting between the TSR and Strategic Objectives is important and provides the Company with the ability to assess performance across a cyclical market. The relative weighting between the Employee Options, Performance Rights, vesting conditions and objectives will not be modified during the vesting period.

The Board will assess overall performance of the Company at the end of the 3 year vesting period, based on the vesting conditions determined. This assessment will determine the extent of vesting of the Employee Options and Performance Rights and the actual number of Shares that may ultimately be issued to Mr Brinsden. The results achieved will be communicated to Mr Brinsden and to Shareholders as part of the Company's annual remuneration reporting obligations.

(d) **Price**

No consideration is payable for:

- (i) the grant of the Employee Options or Performance Rights under the Employee Award Plan;

- (ii) the issue, transfer or allocation of Shares upon the vesting of Performance Rights;
- (iii) the vesting of Employee Options; or
- (iv) the issue, transfer or allocation of Shares upon the exercise of Employee Options using the Cashless Exercise Facility (detailed below).

The exercise price of \$0.4149 per Employee Option will be payable by Mr Brinsden for the issue, transfer or allocation of Shares upon exercise of Employee Options, unless as Optionholder he elects to use the Cashless Exercise Facility. The Cashless Exercise Facility pursuant to the Employee Award Plan would allow the Optionholder to exercise the Employee Options without payment of the exercise price. In this circumstance, the Optionholder would only be issued or transferred that lesser number of Shares as is equal in value to the difference between the exercise price and the market value of the Shares at the time of exercise in accordance with the following formula:

$$S = \frac{O \times (MV - OEP)}{MV}$$

S = the number of Shares to be issued to the Optionholder on exercise of Employee Options using the Cashless Exercise Facility.

O = the number of Employee Options exercised by the Optionholder using the Cashless Exercise Facility.

MV = the VWAP per Share during the 5 Trading Days ending on the day before the time of exercise using the Cashless Exercise Facility.

OEP = the Exercise Price per Employee Option of the Employee Options exercised using the Cashless Exercise Facility.

For example (and for illustration purposes only):

If the Optionholder exercised 100,000 vested Employee Options using the Cashless Exercise Facility where the market value was \$1.20 at the time of exercise, then 65,425 Shares would be issued to the Optionholder in accordance with the following calculation:

$$S = \frac{100,000 \times (\$1.20 - \$0.4149)}{\$1.20} = 65,425 \text{ Shares}$$

(e) Timing of Grant

Mr Brinsden will be granted 4,210,526 Employee Options and 578,452 Performance Rights for the 2020 financial year as soon as practicable following the approval of Resolution 4, if obtained.

6.4 Section 208 of Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Mr Brinsden is a Director and therefore a related party of the Company. The issue of the Employee Options and Performance Rights to Mr Brinsden constitutes the giving of a financial benefit for the purposes of section 208 of the Corporations Act.

The Board has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Employee Options and Performance Rights to Mr Brinsden under Resolution 4 as the exception in section 211 of the Corporations Act applies. The Employee Options and Performance Rights are considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act. However, as described in section 6.6 of this Notice, Shareholder approval is sought under Listing Rule 10.14.

6.5 Section 200B of the Corporations Act

In accordance with section 200B of the Corporations Act (as distinct from the financial benefit provisions in section 208 of the Corporations Act as described in Section 6.4), to give a benefit in connection with a person's retirement from an office, the Company must obtain Shareholder approval in the manner set out in section 200E of the Corporations Act.

The Employee Options and Performance Rights may, subject to the Board's discretion, vest upon termination of Mr Brinsden's employment. The Board has formed the view that, should this occur, the affected Employee Options and Performance Rights may constitute a benefit in connection with Mr Brinsden's retirement from office under section 200B of the Corporations Act.

Section 200B of the Corporations Act applies where the benefit is given to a person whose details were included in the Directors' Report for the previous financial year. Mr Brinsden's details were included in the FY2019 Directors' Report of the Company. The Company is therefore seeking Shareholder approval under section 200B of the Corporations Act in connection with potential vesting of the Employee Options and Performance Rights being granted to Mr Brinsden.

The value of the termination benefits connected to the Employee Options and Performance Rights (should they be determined by the Board to vest on his termination of employment) cannot presently be ascertained, but matters, events and circumstances that will, or are likely to, affect the calculation of that value include:

- (a) the number of Employee Options and Performance Rights that vest (if any);
- (b) the market price of Shares on ASX on the last ASX trading day before the date of calculation; and
- (c) the circumstances of Mr Brinsden's cessation of employment and the status of the vesting conditions and performance hurdles attaching to the Employee Options and Performance Rights at the time Mr Brinsden's employment ceases.

6.6 Listing Rule 10.14

In accordance with Listing Rule 10.14, the Company must not permit a Director and any of his or her associates to acquire securities under an employee incentive scheme unless it obtains Shareholder approval.

Pursuant to Listing Rule 7.2, exception 14, as Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required.

6.7 Specific information required by Listing Rule 10.15

Information must be provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) The Employee Options and Performance Rights will be granted to Mr Ken Brinsden and/or his nominee/s.

- (b) As detailed in Section 6.3, the actual number of Employee Options and Performance Rights that vest is dependent upon the achievement of vesting conditions in respect of TSR and the Company's long-term Strategic Objectives, which must be achieved over a 3 year vesting period ending 30 June 2022.
- (c) The maximum numbers of Employee Options and Performance Rights to be granted to Mr Brinsden (and/or his nominee/s) are 4,210,526 and 578,452 respectively (as determined by the formulae detailed above).
- (d) No funds will be raised by the grant of the Employee Options as they are being granted for nil cash consideration. However, upon the exercise of the Employee Options, the Company will be entitled to additional cash reserves of \$1,746,947.24 should each Employee Option be exercised at the exercise price of \$0.4149, unless the Optionholder elects to use the Cashless Exercise Facility (discussed in Section 6.3(d)).
- (e) The Performance Rights will be granted for nil cash consideration. The exercise price of the Performance Rights will be for nil cash consideration. Accordingly, no funds will be raised by the grant of the Performance Rights.
- (f) Since the adoption of the Employee Award Plan on 25 January 2017, the Company has issued the following securities under the Employee Award Plan:

Date	Securities	Acquisition Price
28 February 2017	500,000 unlisted Options, exercisable at \$0.547 on or before 7 November 2019, issued to senior management	Nil
6 September 2017	3,500,000 unlisted Options, exercisable at \$0.45 on or before 31 August 2020, issued to senior management	Nil
22 December 2017	316,922 Performance Rights issued to Ken Brinsden (Managing Director and CEO)	Nil
18 May 2018	451,826 Performance Rights issued to senior management	Nil
21 December 2018	1,783,485 unlisted Options, exercisable at \$0.884 on or before 31 December 2021, issued to senior management	Nil
21 December 2018	1,321,100 unlisted Options, exercisable at \$0.884 on or before 31 December 2021, issued to Ken Brinsden (Managing Director and CEO)	Nil
21 December 2018	769,206 Performance Rights issued to senior management	Nil
21 December 2018	271,493 Performance Rights issued to Ken Brinsden (Managing Director and CEO)	Nil

- (g) Pursuant to the rules of the Employee Award Plan, of the persons referred to in Listing Rule 10.14, Ms Sally-Anne Layman and Messrs Ken Brinsden, Anthony Kiernan, Stephen Scudamore and Nicholas Cernotta, as Directors, are eligible to

participate in the Employee Award Plan. However as at the date of this Notice, Mr Brinsden is the only person declared by the Board to be entitled to be issued Employee Options and Performance Rights under the Employee Award Plan that is covered by Listing Rule 10.14.

- (h) A voting exclusion statement is included in the Notice for Resolution 4.
- (i) No loan will be made to Mr Brinsden in relation to the acquisition of Employee Options or Performance Rights under the Employee Award Plan.
- (j) The Company will grant the Employee Options and Performance Rights no later than 12 months after the date of the Meeting or such longer period of time as ASX allows.

6.8 Director Recommendation

The Directors (other than Mr Brinsden) recommend that Shareholders vote in favour of this Resolution.

Mr Brinsden has an interest in Resolution 4 and therefore believes it is inappropriate to make a recommendation.

7. Resolution 5 – Re-Approval of Employee Award Plan

7.1 General

Resolution 5 seeks Shareholder approval, pursuant to Listing Rule 7.2 (exception 9), to renew approval of the Employee Award Plan, as required every three years under the Listing Rules.

In accordance with Listing Rule 7.1, the Company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

One of the specified exceptions is contained in Listing Rule 7.2 (exception 9), which states that Listing Rule 7.1 will not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue, shareholders approved the issue of securities under the scheme as an exception to Listing Rule 7.1.

The Employee Award Plan was last approved by Shareholders at the Company's general meeting on 25 January 2017. Approval under Listing Rule 7.2 (exception 9) lasts for a period of three years and, consequently, the Company's ability to issue Plan Options or Performance Rights under the Employee Award Plan, as an exception to Listing Rule 7.1, will cease on 24 January 2020.

Accordingly, as part of the Company's remuneration framework, the Company is seeking to "refresh" approval of the Employee Award Plan, pursuant to Resolution 5, to enable the Company to issue securities under the Employee Award Plan at any time within three years from the date of the Meeting (subject to the disclosure requirements of the Corporations Act and requirements of the Listing Rules), without requiring the further approval of Shareholders under Listing Rule 7.1 and without any securities issued under the Employee Award Plan counting towards the 15% limit referred to in Listing Rule 7.1.

7.2 Specific information required by Listing Rule 7.2

In accordance with Listing Rule 7.2 exception 9, information is provided as follows:

- (a) The material terms of the Employee Award Plan are summarised in Schedule 3.
- (b) Since the Employee Award Plan was last approved by Shareholders on 25 January 2017, a total of 7,104,585 Options and 1,809,447 Performance Rights have been issued under the Employee Award Plan. Of these 4,000,000 Options and 550,798 Performance Rights have vested, a further 217,950 Performance Rights were forfeited, and the balance remain unvested and subject to performance conditions.
- (c) A voting exclusion statement is included in the Notice for Resolution 5.

Resolution 5 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 5.

7.3 Directors' Recommendation

As the Directors may be entitled to participate in the Employee Award Plan, they make no recommendation in relation to Resolution 5.

Schedule 1 – Definitions

In the Notice and this Explanatory Memorandum:

\$ means Australian dollars.

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2019.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Cashless Exercise Facility means the cashless exercise facility under the Employee Award Plan.

Chairperson means the person appointed to chair the Meeting or any part of the Meeting.

Closely Related Party has the meaning given in section 9 of the Corporations Act.

Company or **Pilbara** means Pilbara Minerals Limited ACN 112 425 788.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the directors of the Company.

Directors' Report means the annual directors' report (prepared under chapter 2M of the Corporations Act) for the Company and its controlled entities.

Employee Award Plan has the meaning given in Section 6.1.

Employee Option means an Option granted under the Employee Award Plan having the terms and conditions in Schedule 2.

Executive Remuneration Framework has the meaning given in Section 6.1.

Exercise Notice has the meaning given in part 7 of Schedule 2.

Exercise Period has the meaning given in part 4 of Schedule 2.

Exercise Price has the meaning given in part 1 of Schedule 2.

Expiry Date has the meaning given in part 2 of Schedule 2.

Explanatory Memorandum means this explanatory memorandum.

Financial Report means the annual financial report (prepared under chapter 2M of the Corporations Act) of the Company and its controlled entities.

FV has the meaning given in Section 6.2(c).

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

Listing Rules means the listing rules of ASX.

LTI has the meaning given in Section 6.1.

LTI Employee Options Quantum has the meaning given in Section 6.2(a)(i).

LTI Performance Rights Quantum has the meaning given in Section 6.2(a)(ii).

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means the notice of general meeting which this Explanatory Memorandum accompanies.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Performance Right means a performance right granted under the Employee Award Plan.

Plan Award means a Plan Option or a Performance Right or both, as the context requires.

Plan Option means an Option issued under the Employee Award Plan.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution referred to in the Notice.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

STI has the meaning given in Section 6.1.

Strategic Objectives has the meaning given in Section 6.2(b).

Trading Day has the meaning given in the Listing Rules.

Tranche A Employee Options has the meaning given in Section 6.2(b).

Tranche A Performance Rights means those Performance Rights whose vesting is subject to TSR.

Tranche B Employee Options has the meaning given in Section 6.2(b).

Tranche B Performance Rights means those Performance Rights whose vesting is subject to Strategic Objectives.

TSR has the meaning given in Section 6.2(b).

Valuation Date means 1 October 2019.

VWAP means the volume weighted average price of a Share as defined in the Listing Rules.

WST means Western Standard Time, being the time in Perth, Western Australia.

In the Notice and this Explanatory Memorandum, words importing the singular include the plural.

Schedule 2 – Terms and Conditions of Employee Options

1. Exercise Price

Each Employee Option shall have an exercise price of \$0.4149, unless the Optionholder elects to use the Cashless Exercise Facility (**Exercise Price**).

2. Expiry Date

Each Employee Option shall expire on 31 December 2022 (**Expiry Date**).

3. Vesting Dates

The Employee Options vest when both of the following have occurred:

- (a) the vesting conditions applicable to the Employee Options have been determined by the Board (acting reasonably) to be satisfied, are waived by the Board, or are deemed to have been satisfied under the rules of the Employee Award Plan; and
- (b) the Company has issued a vesting notice to the Optionholder informing him or her that the Employee Options have vested.

The Employee Options to be issued to Mr Ken Brinsden and/or his nominee/s are subject to the vesting conditions detailed in Section 6.3(c) of the Explanatory Memorandum.

4. Exercise of Employee Options

The Employee Options may only be exercised:

- (a) if the Employee Options have vested; and
- (b) prior to the Expiry Date,

(**Exercise Period**).

5. No Official Quotation of Employee Options

The Company will not apply for official quotation of the Employee Options.

6. Entitlement

Each Employee Option entitles the holder to subscribe for one Share upon exercise of each Employee Option.

7. Notice of Exercise

The Employee Options may be exercised by giving written notice to the Company at any time during the Exercise Period. The notice (**Exercise Notice**) must:

- (a) specify the number of Employee Options being exercised and the number of Shares to be issued;
- (b) specify whether the Shares are to be issued to the holder of the Employee Options and/or a nominee/s; and
- (c) be accompanied by payment of the Exercise Price for each Employee Option being exercised (unless the Optionholder elects to use the Cashless Exercise Facility).

Any Exercise Notice in respect of an Employee Option received by the Company will be deemed to be a notice of the exercise of that Employee Option as at the date of receipt of the Exercise Notice and the Exercise Price (unless the Optionholder elects to use the Cashless Exercise Facility).

8. Shares Issued on Exercise

Shares issued on exercise of Employee Options rank equally with the Shares currently on issue.

9. Official Quotation of Shares on Exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Employee Options within the time required by the Listing Rules after the date of issue or transfer.

10. Timing of issue of Shares

(a) Subject to paragraph 10(b), as soon as practicable after the receipt of an Exercise Notice given in accordance with these terms and conditions and payment of the Exercise Price for each Employee Option being exercised (unless the Optionholder elects to use the Cashless Exercise Facility), the Company will allot and issue the Shares pursuant to the exercise of the Employee Options and will, at the same time, issue a cleansing notice under section 708A(5) of the Corporations Act.

(b) If the Company is not then permitted to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company must either:

(i) issue a prospectus on the date that the Shares are issued under paragraph (a) above (in which case the date for issuing those Shares may be extended to not more than 25 business days after the receipt of the Exercise Notice, to allow the Company time to prepare that prospectus); or

(ii) issue a prospectus before the date that the Shares are issued under paragraph (a) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,

in accordance with the requirements of section 708A(11) of the Corporations Act.

11. Participation in new issues

There are no participation rights or entitlements inherent in the Employee Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Employee Options.

However, the Company will ensure that, for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holder of Employee Options the opportunity to exercise its Employee Options prior to the date for determining entitlements to participate in any such issue.

12. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Employee Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Employee Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

13. Adjustment for Rights Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (except a bonus issue) the Exercise Price of an Employee Option will be reduced according to the following formula:

$$\text{New Exercise Price} = O - \frac{E [P - (S + D)]}{N + 1}$$

- O = the old Exercise Price of the Employee Option.
- E = the number of underlying Shares into which one Employee Option is exercisable.
- P = volume weighted average market price (as defined in the Listing Rules) per Share during the 5 Trading Days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

14. Adjustments for Reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will, be varied to the extent necessary to comply with the Listing Rules which apply to the reorganisation at the time of the reorganisation.

15. Employee Options Not Transferable

The Employee Options are non-transferable.

16. Change of Control Event

Where a Change of Control Event has or, in the opinion of the Board, is likely to occur, the Board may in its absolute discretion determine the manner in which any or all of the Employee Options will be dealt with including in a manner that allows the holder to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.

Schedule 3 – Key Terms of the Employee Award Plan

The key terms of the Employee Award Plan are as follows:

1. **Eligibility:** A person who:
 - (a) is an 'eligible participant' (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporation; and
 - (b) has been determined by the Board to be eligible to participate in the Employee Award Plan from time to time,may be eligible to receive grants of Plan Awards under the Employee Award Plan (**Eligible Participant**).
2. **Invitation:** The Board may, from time to time, in its absolute discretion, invite any Eligible Participant to apply for up to a specified number of Plan Options or Performance Rights, upon the terms set out in the Employee Award Plan (**Invitation**).
3. **Issue Price:** Plan Awards will be issued for nil consideration. Plan Options shall have an exercise price as determined by the Board.
4. **Dealings in Plan Awards:** Unless otherwise expressly permitted in an Invitation, an Eligible Participant may only submit an application form in the Eligible Participant's name and not on behalf of any other person. If an Eligible Participant is permitted in an Invitation, the Eligible Participant may nominate another person to be granted the Plan Awards the subject of their Invitation (**Nominee**).
5. **Grant of Plan Awards:** Once the Company has received and accepted a duly signed and completed application form for Plan Awards from an Eligible Participant (either on his/her own behalf or on behalf of his/her Nominee), the Board will grant Plan Awards to such person (**Participant**), with effect from grant date, upon the terms set out in the Invitation and the Employee Award Plan.

The Company will, after the grant date of the Plan Awards, issue the Participant with a certificate evidencing the grant of the Plan Awards.
6. **Determination of Vesting Conditions:** A Plan Award that is granted subject to vesting conditions vests when both of the following have occurred:
 - (a) the vesting conditions applicable to that Plan Award have been determined by the Board (acting reasonably) to be satisfied, are waived by the Board, or are deemed to have been satisfied under these Rules; and
 - (b) the Company has issued a vesting notice to a Participant informing him or her that the Plan Award has vested.A Plan Award that is granted without vesting conditions vests on the grant date.
7. **Exercise on Vesting:** A vested Plan Award may be exercised by a Participant resident in Australia at any time from the date of receipt of a vesting notice until such time as the vested Plan Award lapses in accordance with the Employee Award Plan.
8. **Cashless Exercising:** An Invitation may specify that a holder of Plan Options may, at the time of exercise, elect to pay the applicable exercise price (if any) per Plan Option by setting off the total applicable exercise price against the number of Shares which they are entitled

to receive upon exercise (**Cashless Exercise Facility**) in accordance with the following formula:

$$S = \frac{O \times (MV - OEP)}{MV}$$

Where:

S = the number of Shares to be issued or transferred to the Participant on exercise of Plan Options using the Cashless Exercise Facility

O = the number of Plan Options exercised by the Participant using the Cashless Exercise Facility

MV = the Market Value of a Share at the time of exercise using the Cashless Exercise Facility

OEP = the exercise price per Plan Option of the Plan Options exercised using the Cashless Exercise Facility

The Cashless Exercise Facility may only be used by a Participant if the difference between the exercise price per Plan Option and the Market Value per Share at the time of exercise is greater than zero.

9. Ceasing to be an Eligible Participant: Unless an Invitation provides otherwise, where a Participant ceases to be an Eligible Participant as a result of:

- (a) death;
- (b) the Participant no longer being able to perform their duties due to poor health, injury or disability;
- (c) bona fide retirement, or
- (d) any other circumstances determined by the Board in writing,

the:

- (e) vested Plan Awards held by the Participant; and
- (f) the unvested Plan Awards held by the Participant to the extent determined by the Board in its absolute discretion,

shall not be forfeited.

Unless an Invitation provides otherwise, where a Participant ceases to be an Eligible Participant in any other circumstance or as otherwise determined by the Board, all unvested Plan Awards shall be forfeited.

10. Lapsing of Plan Awards: A Plan Award will lapse upon the earlier to occur of:

- (a) in the case of a vested Plan Award, on the expiry date that is specified in the Invitation;
- (b) in the case of an unvested Plan Award, on the date that the Board determines that any applicable vesting conditions have not been met or cannot be met by the relevant date.

11. Insolvency: Unless otherwise stated in an Invitation or determined by the Board in its

discretion, a Participant that has become Insolvent must forfeit all of their unvested Plan Awards on a date determined by the Board.

12. **Issue of shares:** Subject to the Corporations Act, the Listing Rules and the Employee Award Plan, the Company must issue to, or procure the transfer to, the Participant the number of Shares the Participant is entitled to be issued in respect of vested Plan Awards that are exercised. For an Eligible Participant resident in Australia this is one Share in respect of each Plan Award; for an Eligible Participant otherwise resident, the number of Shares, or part thereof, to be issued upon exercise of a Plan Award may be adjusted to take account of any movement in the applicable foreign exchange rates between the time of the applicable Invitation and exercise.
13. **Share ranking:** All Shares issued under the Employee Award Plan will rank equally with all other issued Shares and will be entitled in full to those dividends which have a record date for determining entitlements after the date of issue.
14. **Listing of Shares on ASX:** The Company will apply for official quotation of all Shares issued under the Employee Award Plan on ASX.
15. **Change of Control:** The Board may in its absolute discretion determine that all unvested Plan Awards automatically vest on the following events occurring:
 - (a) the Company announces that its Shareholders have at a Court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement (excluding a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return) of the issued capital of the Company) and the Court, by order, approves the scheme of arrangement;
 - (b) a Takeover Bid:
 - (i) is announced;
 - (ii) has become unconditional; and
 - (iii) the person making the Takeover Bid has a Relevant Interest in 50% or more of the Shares; or
 - (iv) any person acquires a Relevant Interest in 50.1% or more of the Shares by any other means; or
 - (c) a resolution or order (as the case may be) is made for the voluntary or compulsory winding-up of the Company.
16. **Adjustment for bonus issues:** If Shares are issued pro rata to Shareholders generally by way of bonus issue, the number of Plan Awards to which each Participant is entitled shall be increased by that number of securities which the Participant would have been issued if the Plan Awards then held by the Participant were exercised immediately prior to the record date of the bonus issue.
17. **Pro rata issues:** A Participant will not be entitled to any adjustment to the number of Shares issued under the Employee Award Plan that he or she is entitled to or adjustment to any vesting condition which is based, in whole or part, on the Share price, as a result of the Company undertaking a rights issue.
18. **Adjustment for reorganisation:** In the event of any reorganisation (including consolidation or subdivision) of the issued capital of the Company, the number of Plan Awards to which each Participant is entitled, or the exercise price (if any), or both, as appropriate, will be

adjusted in the manner determined by the Board to ensure that no advantage or disadvantage accrues to the Participant as a result of such corporate actions.

19. Amendments: Subject to the Employee Award Plan and the Listing Rules, the Board may from time to time amend or supplement the Employee Award Plan rules in any respect. However, in respect of an issued Plan Award no amendment made to the terms and conditions of the Employee Award Plan or the Plan Awards shall bind a Participant in respect of such Plan Awards unless such amendment is:

- (a) consented to in writing by a Participant; or
- (b) introduced for the purpose of (among other things) complying with, or conforming to, the Listing Rules, or State or Commonwealth legislation governing or regulating the maintenance or operation of the Employee Award Plan or similar plans.

A copy of the complete rules of the Employee Award Plan is available upon request by contacting the Company Secretary, Mr Alex Eastwood, at the Company's offices.

LODGE YOUR PROXY APPOINTMENT ONLINE

 **ONLINE PROXY APPOINTMENT**
www.advancedshare.com.au/investor-login

 **MOBILE DEVICE PROXY APPOINTMENT**
Lodge your proxy by scanning the QR code below, and enter your registered postcode.
It is a fast, convenient and a secure way to lodge your vote.

2019 ANNUAL GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Pilbara Minerals Limited and entitled to attend and vote hereby:

APPOINT A PROXY

The Chairperson of the meeting **OR**

 **PLEASE NOTE:** If you leave the section blank, the Chairperson of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chairperson of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of the Company to be held at the **Four Points by Sheraton, 707 Wellington Street, Perth WA 6000 on 21 November 2019 at 2.00pm (WST)** and at any adjournment or postponement of that Meeting.

Chairperson authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairperson of the Meeting as my/our proxy (or the Chairperson becomes my/our proxy by default), I/we expressly authorise the Chairperson to exercise my/our proxy on Resolutions 1, 4 & 5 (except where I/we have indicated a different voting intention below) even though these Resolutions are connected directly or indirectly with the remuneration of a member(s) of Key Management Personnel, which includes the Chairperson. I/we acknowledge the Chairperson of the Meeting intends to vote all undirected proxies available to them in favour of each Resolution of Business.

VOTING DIRECTIONS

Resolutions

	For	Against	Abstain*
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Anthony Kiernan as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Nicholas Cernotta as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of Employee Options and Performance Rights to Mr Ken Brinsden under Employee Award Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Re-Approval of Employee Award Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 * If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual) Joint Shareholder 2 (Individual) Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary Director/Company Secretary (Delete one) Director

This form should be signed by the Shareholder. If a joint holding, either or all of the Shareholders should sign. If signed by the Shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address

Please tick here to agree to receive communications sent by the company via email. This may include meeting notifications, dividend remittance, and selected announcements.

HOW TO COMPLETE THIS PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chairperson as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairperson, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIRPERSON OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chairperson of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each Resolution. All your Shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a Resolution, your vote on that Resolution will be invalid.

PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chairperson) or other member of the Key Management Personnel, or their Closely Related Parties, as your proxy, you must specify how they should vote on Resolutions 1, 4 & 5, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for any of Resolutions 1, 4 or 5.

PLEASE NOTE: If you appoint the Chairperson as your proxy (or if they are appointed by default) but do not direct them how to vote on a Resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that Resolution), the Chairperson may vote as they see fit on that Resolution.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- On each Proxy Form state the percentage of your voting rights or number of Shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- Return both forms together.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, either or all of the security holders should sign.

Power of Attorney:

If you have not already lodged the power of attorney with Advanced Share Registry, please attach the original or a certified photocopy of the power of attorney to this form when you return it.

Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 2.00pm (WST) on 19 November 2019, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 9262 3723



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033